



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
FORMER FLOYD COUNTY CLERK**

For The Period January 1, 1999 Through April 15, 1999

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EXECUTIVE SUMMARY

Floyd County Carla Robinson Boyd, Former County Clerk For the Period January 1, 1999 through April 15, 1999

An audit of the financial statements of the former Floyd County Clerk Carla Robinson Boyd has been conducted. Ms Boyd left office on April 15, 1999. Subsequent to that date, Ms Boyd was convicted of theft by failure to make required disposition of property over \$300. She was sentenced to five years probation and directed to pay restitution in the amount of \$26,822. Ms Boyd subsequently paid restitution in the amount of \$26,822.

Noncompliances or Internal Control Weaknesses:

- The Former County Clerk Should Not Have Received Salary In Excess Of The Statutory Maximum
- The Former County Clerk Should Have Published A Financial Statement And Presented The Financial Statement To The Fiscal Court
- The Former County Clerk Did Not Make All Libraries And Archives Grant Account Records Available For Inspection By Auditors
- The Former County Clerk Should Have Expended Fund Only For Allowable Expenditures
- The Former County Clerk Should Have Avoided Having A Deficit Of \$6,102 In Her 1999 Fee Account
- The Floyd County Fiscal Court Should Provide Funding Of \$10,781 To The Former County Clerk To Cover Expenses Of Her Office
- The Former County Clerk Should Eliminate All Remaining Liabilities Of The 1992 And 1993 Fee Accounts In The Amount Of \$195,126
- The Former County Clerk's Office Lacked A Proper Segregation Of Accounting Duties

The audit revealed that operations were routine, and compare favorably to prior year operations. We did not detect any evidence of irregularities related to issues that led to Ms Boyd's conviction of theft by failure to make required disposition of property. However, we note that the conviction arose from issues occurring prior to the date of this audit. We were unable to determine the disposition of Department of Libraries and Archives grant funds in the immaterial amount of \$1,188. These grant funds were disbursed from a special account for records maintenance and the former Clerk notes that they were transferred to her operating account. However, the former Clerk did not provide enough documentation of this transaction to allow us to confirm the final disposition of the funds.

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Paul Hunt Thompson, Floyd County Judge/Executive

Honorable Chris Waugh, Floyd County Clerk

Honorable Carla Robinson Boyd, Former Floyd County Clerk

Members of the Floyd County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the former County Clerk of Floyd County Kentucky, for the period January 1, 1999 through April 15, 1999. This financial statement is the responsibility of the former County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the former County Clerk for the period January 1, 1999 through April 15, 1999, in conformity with the basis of accounting described above.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Paul Hunt Thompson, Floyd County Judge/Executive

Honorable Chris Waugh, Floyd County Clerk

Honorable Carla Robinson Boyd, Former Floyd County Clerk

Members of the Floyd County Fiscal Court

Our audit was made for the purpose of forming an opinion on the financial statement taken as a whole. The schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statement. Such information has been subjected to auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly presented in all material respects in relation to the financial statement taken as a whole.

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discuss the following areas of noncompliance:

- The Former County Clerk Should Not Have Received Salary In Excess Of The Statutory Maximum
- The Former County Clerk Should Have Published A Financial Statement And Presented The Financial Statement To The Fiscal Court
- The Libraries And Archives Grant Account Records Were Not Available For Inspection
- The Former County Clerk Should Have Expended Funds Only For Allowable Expenditures
- Former County Clerk Carla Robinson Boyd Should Have Avoided The Deficit of \$6,102 In The 1999 Fee Account
- The Fiscal Court Should Provide Funding To Former County Clerk Carla Robinson Boyd In The Amount Of \$10,781 For The Period January 1, 1999 Through April 15, 1999
- Former County Clerk Carla Robinson Boyd Should Eliminate All Remaining Liabilities Of The 1992 And 1993 Fee Accounts In The Amount Of \$195,126
- The Former County Clerk's Office Lacked A Proper Segregation Of Accounting Duties

In accordance with Government Auditing Standards, we have also issued a report dated May 3, 2000, on our consideration of the former County Clerk's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -

May 3, 2000

FLOYD COUNTY
CARLA ROBINSON BOYD, FORMER COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

For The Period January 1, 1999 Through April 15, 1999

Receipts

State Fees For Services	\$	3,560
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Fiscal Court		100
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Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$	429,271
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Usage Tax		824,958
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Tangible Personal Property Tax		809,746
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Licenses-

Fish and Game		3,850
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Marriage		3,554
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Occupational		118
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Beer and Liquor		3,000
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Deed Transfer Tax		7,474
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Delinquent Tax	201,387	2,283,358
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Fees Collected for Services:

Recordings-

Deeds, Easements, and Contracts	\$	6,662
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Real Estate Mortgages		11,950
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Chattel Mortgages and Financing Statements		33,583
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Powers of Attorney		488
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All Other Recordings		9,851
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Charges for Other Services-

Candidate Filing Fees		2,434
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Copywork	862	65,830
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Other:

Unidentified Receipts	\$	8,325
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Overage		700
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Miscellaneous	2,758	11,783
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Interest Earned		2,277
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Gross Receipts (Carried Forward)	\$	2,366,908
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FLOYD COUNTY
CARLA ROBINSON BOYD, FORMER COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
For The Period January 1, 1999 Through April 15, 1999
(Continued)

Gross Receipts (Brought Forward)	\$ 2,366,908
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Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$ 360,562
Usage Tax	802,198
Tangible Personal Property Tax	273,748

Licenses-

Fish and Game	3,712	
Delinquent Tax	22,708	
Legal Process Tax	9,738	\$ 1,472,666

Payments to Fiscal Court:

Tangible Personal Property Tax	\$ 105,384	
Delinquent Tax	22,395	
Deed Transfer Tax	7,382	
Occupational Licenses	100	
Beer and Liquor Licenses	2,850	138,111

Payments to Other Districts:

Tangible Personal Property Tax	\$ 398,703	
Delinquent Tax	100,482	499,185

Payments to Sheriff	8,618
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Payments to County Attorney	32,316
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Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies Salaries	\$ 110,541
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Employee Benefits-

Employer's Matching	7,898
Employer's Paid Health Insurance	22,336
Unemployment Insurance	1,674

Contracted Services-

Advertising	601
Indexing	3,750

FLOYD COUNTY
CARLA ROBINSON BOYD, FORMER COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
For The Period January 1, 1999 Through April 15, 1999
(Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay:

(Continued)

Materials and Supplies-

Office Supplies \$ 9,664

Office Expense 6,205

Other Charges-

Conventions and Dues 1,280

Utilities 2,547

Postage 3,226

Refunds 1,783

Credit Card User Fees 550

Safe Deposit Box Rental 165

Office Cleaning 2,270

Election Expense 389

Travel 56

Returned Checks 849

Errors and Omissions Insurance 3,384

Miscellaneous 99 \$ 179,267

Capital Outlay-

Office Equipment 28,112

Total Disbursements \$ 2,358,275

Less: Disallowed Disbursements

Laptop Computer \$ 3,486

Employee Luncheon 306 3,792

Total Allowable Disbursements \$ 2,354,483

Net Receipts (Carried Forward) \$ 12,425

Less: Statutory Maximum 22,006

Balance \$ (9,581)

Less: Expense Allowance 1,200

Balance as of April 15, 1999 \$ (10,781)

Contribution Due From Fiscal Court For Former Clerk's Statutory Maximum 10,781

Balance Due as of April 15, 1999 \$ 0

The accompanying notes are an integral part of the financial statement.

FLOYD COUNTY
NOTES TO FINANCIAL STATEMENT

For The Period January 1, 1999 Through April 15, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year. A schedule of excess of liabilities over assets is included in this report as a supplemental schedule. The schedule indicates the cumulative effect of prior year deficits under the respective fee official.

C. Cash

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employee Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.34 percent.

FLOYD COUNTY
NOTES TO FINANCIAL STATEMENT
For The Period January 1, 1999 Through April 15, 1999
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The former County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the former County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of February 10, 1999, the former County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the former County Clerk's agent in the former County Clerk's name, or provided surety bond which named the former County Clerk as beneficiary/obligee on the bond.

Note 4. Grant

The County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in calendar year 1998. Funds totaling \$1,188 were expended during calendar year April 15, 1999. Because former County Clerk Carla Robinson Boyd did not provide the Auditor of Public Accounts with bank statements for the Grant Account, we were unable to determine the nature of these expenditures. The unexpended grant balance as of April 15, 1999, was \$0.

Note 5. Health Insurance Premiums

KRS 61.405 allows county fee officials to purchase twelve (12) months of health insurance coverage for their employees, if excess fees are available. Therefore, the expenditures are allowable. The Attorney General has issued opinion 92-108, which claims the statute is unconstitutional and discriminatory. The Attorney General also issued OAG 94-11 on February 25, 1994, stating health or medical insurance provided uniquely for an official and not in connection with a government program providing benefits to all county employees would be personal in nature.

Note 6. Subsequent Events

Subsequent to the audit date, former County Clerk Carla Robinson Boyd was convicted of theft by failure to make required disposition of property over \$300. The former County Clerk was sentenced to five years probation and directed to pay restitution in the amount of \$26,822 by May 27, 2000. The former County Clerk subsequently paid restitution in the amount of \$26,822.

FLOYD COUNTY
CARLA ROBINSON BOYD, FORMER COUNTY CLERK
SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS

For The Period January 1, 1999 Through April 15, 1999

Assets

Cash in Bank	\$ 432,550
Deposits in Transit	60,999
Receivables:	
Contribution Due From Fiscal Court For Former Clerk's Statutory Maximum	<u>10,781</u>
Total Assets	\$ 504,330

Liabilities

Paid Obligations-	
Outstanding Checks	<u>\$ (510,432)</u>
Total Fund Deficit For January 1, 1999 Through April 15, 1999	<u><u>\$ (6,102)</u></u>

COMMENTS AND RECOMMENDATIONS

FLOYD COUNTY
CARLA ROBINSON BOYD, FORMER COUNTY CLERK
COMMENTS AND RECOMMENDATIONS

For The Period January 1, 1999 Through April 15, 1999

STATE LAWS AND REGULATIONS:

1. The Former County Clerk Should Not Have Received Salary In Excess Of The Statutory Maximum

We found that the former County Clerk received \$24,316 in total salary from January 1, 1999 through April 15, 1999. The Department for Local Government confirmed that, according to KRS 64.527, the former County Clerk should have received a total salary of \$22,006 for that time period. Therefore, the former County Clerk received a salary overpayment of \$2,310. We recommended the former County Clerk deposit personal funds of \$2,310 as repayment of the salary overpayment. Subsequent to the audit date, the former County Clerk deposited funds to resolve the overpayment of salary.

Former County Clerk Carla Robinson Boyd's Response:

The County Treasurer indicated that vacation and leave time may be due the former clerk.

2. The Former County Clerk Should Have Published A Financial Statement And Presented The Financial Statement To The Fiscal Court

During the audit, we found that the former County Clerk did not publish the financial statement for the period January 1, 1999 through April 15, 1999 or present the financial statement to the fiscal court. KRS 424.220(6) states that financial statements are required to be published within 60 days after the close of the calendar year. Further, KRS 64.152 requires the County Clerk's office to present an annual financial statement to the fiscal court by March 15 of each year. We recommend the County Clerk's office comply with these statutes by publishing an annual financial statement and presenting the financial statement to the fiscal court.

Former County Clerk Carla Robinson Boyd's Response:

I had no money in the fee account to pay for publishing. I thought that the fiscal court would publish. I did take the financial statement to the County Judge's office. I don't know what they did with it.

3. The Libraries And Archives Grant Account Records Were Not Available For Inspection

The former County Clerk had an unexpended grant balance of \$1,188 as of December 31, 1998. As of April 15, 1999, the former County Clerk had a \$0 balance in the account. We were unable to examine bank statements for this account and, therefore, were unable to determine the nature of the expenditures. We recommend the County Clerk's office maintain proper documentation and present all information to the auditors for examination and inspection.

Former County Clerk Carla Robinson Boyd's Response:

I transferred to operating account and posted as miscellaneous.

FLOYD COUNTY
CARLA ROBINSON BOYD , FORMER COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Period January 1, 1999 Through April 15, 1999
(Continued)

3. The Libraries And Archives Grant Account Records Were Not Available For Inspection
(Continued)

Auditor's Reply:

We were unable to confirm the grant account balance was transferred into the fee account. The former County Clerk did provide information that a check was written to clear out the grant account. However, that information did not confirm that the balance in the grant account was actually transferred to the former County Clerk's operating account.

4. The Former County Clerk Should Have Expended Funds Only For Allowable Expenditures

Funk v. Milliken, 317 S.W.2d 499 (KY 1958) established guidelines for allowable expenditures of a fee official. These guidelines require that expenditures be necessary, reasonable, documented and not personal in nature in order to be allowable. The former County Clerk expended funds totaling \$3,486 for a laptop computer and \$306 for an employee luncheon. We could not determine the laptop computer is included in the former County Clerk's office inventory. Therefore, we have disallowed this expenditure. In addition, we have disallowed the \$306 for an employee luncheon because we could not determine the expenditure was necessary for the operation of the former County Clerk's office. We recommend the former County Clerk deposit personal funds of \$3,792 as reimbursement for these disallowed expenditures. Subsequent to the audit date, the former County Clerk deposited personal funds to reimburse the office for these expenditures.

Former County Clerk Carla Robinson Boyd's Response:

Okay.

5. Former County Clerk Carla Robinson Boyd Should Have Avoided The Deficit of \$6,102 In The 1999 Fee Account

Former County Clerk Carla Robinson Boyd had a deficit of \$6,102 in her 1999 fee account. The deficit is due to the former County Clerk having received salary in excess of the statutory maximum in the amount of \$2,310 and disallowed expenditures in the amount of \$3,792. We recommend the former County Clerk deposit personal funds in the amount of \$6,102 to eliminate the deficit in the 1999 fee account. Subsequent to the audit date, the former County Clerk deposited funds to resolve the deficit in the 1999 fee account.

Former County Clerk Carla Robinson Boyd's Response:

No Comment.

FLOYD COUNTY
 CARLA ROBINSON BOYD , FORMER COUNTY CLERK
 COMMENTS AND RECOMMENDATIONS
 For The Period January 1, 1999 Through April 15, 1999
 (Continued)

6. The Fiscal Court Should Provide Funding To Former County Clerk Carla Robinson Boyd In The Amount Of \$10,781 For The Period January 1, 1999 Through April 15, 1999

During the period January 1, 1999 through April 15, 1999, the former County Clerk's office fee account expended \$10,781 more for allowable expenditures than it received in fees and other revenue receipts. This fiscal condition prevented the former County Clerk from receiving her full statutory maximum salary in accordance with the salary schedule set out in KRS 64.5275. KRS 64.535 states that "[t]he . . . clerk shall . . . receive a monthly salary of one-twelfth (1/12) of the amount indicated by the salary schedule in KRS 64.5275." This statute mandates that the former County Clerk is entitled to receive her statutory maximum salary, even if her office fails to generate sufficient fees and other revenues to cover all allowable expenses of her office, including the expense of the former County Clerk's maximum salary as set out in the salary schedule in KRS 64.5275. Thus, because the former County Clerk's office has a revenue shortfall and is unable to pay all allowable expenses, including the expense of the former Clerk's maximum salary, out of the fees and other revenues generated by her office, it is the responsibility of the fiscal court to provide funding for the former County Clerk's 1999 statutory maximum salary. The Floyd County Fiscal Court should fund the former County Clerk's statutory maximum salary amount for the period January 1, 1999 through April 15, 1999 by covering the former County Clerk's office fee account revenue shortfall of \$10,781.

Former County Clerk Carla Robinson Boyd's Response:

Okay.

County Judge/Executive's Response:

No Comment.

7. Former County Clerk Carla Robinson Boyd Should Eliminate All Remaining Liabilities Of The 1992 And 1993 Fee Accounts In The Amount Of \$195,126

Our calendar years 1992 and 1993 fee audit reported that former County Clerk Carla Robinson Boyd had a minimum deficit of \$195,126 in her official bank accounts for the combined 1992 and 1993 fee years. Due to the inconsistent, incomplete, and inaccurate records, we were unable to determine, with normal or expanded auditing procedures, that \$195,126 was the total deficit. However, through procedures performed, we were able to identify this minimum deficit based on the numbers listed on the next page:

FLOYD COUNTY
 CARLA ROBINSON BOYD , FORMER COUNTY CLERK
 COMMENTS AND RECOMMENDATIONS
 For The Period January 1, 1999 Through April 15, 1999
 (Continued)

7. Former County Clerk Carla Robinson Boyd Should Eliminate All Remaining Liabilities Of
 The 1992 And 1993 Fee Accounts In The Amount Of \$195,126 (Continued)

Unreported delinquent tax collections	\$ 103,900
Disallowed expenditures	2,690
Expenses allowed in the 1991 audit	13,099
Fish and Game liabilities for prior years	9,211
Receipts for February 1, 1994 business deposited to the 1993 fee account	23,904
Transfer from the 1992 fee account into the 1991 fee account to cover an overdraft	1,753
Receipts for April 4, 1992 business deposited to to 1991 fee account	3,943
March 1992 receipts deposited to 1991 fee account	15,078
1992 excess fees due to Floyd County Fiscal Court (per former County Clerk's financial statement)	9,504
Overpayment of 1993 excess fees due from Floyd County Fiscal Court (per former County Clerk's financial statement)	(1,978)
Known posting errors in former County Clerk's 1993 financial statements:	
Underposted disbursements ledger amounts	(19,000)
Overposted disbursements ledger amounts	34,093
Subtotal	\$ 196,197
Less: bank balance in the 1992 and 1993 fee bank accounts as of January 30, 1995	1,071
Minimum Deficit	<u>\$ 195,126</u>

We recommend former County Clerk Carla Robinson Boyd deposit personal funds in the amount of \$195,126 to eliminate the deficit in the 1992 and 1993 fee accounts.

Former County Clerk Carla Robinson Boyd's Response:

I totally disagree with this.

Auditor's Reply:

In the past, you have noted that your own accountant or CPA has done work that refutes the Auditor of Public Account's findings about the deficit. Is this information available?

Former County Clerk Carla Robinson Boyd's Response:

I will check with the firm to see what they have.

FLOYD COUNTY
CARLA ROBINSON BOYD , FORMER COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Period January 1, 1999 Through April 15, 1999
(Continued)

INTERNAL CONTROL – REPORTABLE CONDITION AND MATERIAL WEAKNESS:

1. The Former County Clerk's Office Lacked A Proper Segregation Of Accounting Duties

We conclude the internal control structure lacked a proper segregation of accounting duties. The former County Clerk had statutory authority to assume the role as custodian of monetary assets, as well as recorder of transactions and preparer of financial statements. We recognize the extent of segregation of duties is a judgment established by management. We also recognize this judgment is affected by certain circumstances beyond the elected official's control, such as functions prescribed by statutes and regulations and by budgetary constraints. Due to limited staff, a proper segregation of duties may be impossible. However, the lack of adequate segregation of duties is hereby noted as a reportable condition pursuant to professional auditing standards.

Former County Clerk Carla Robinson Boyd's Response:

I am familiar with this issue. This is normal for a small office.

PRIOR YEAR:

- The former County Clerk lacked a proper segregation of duties
- Former County Clerk Carla Boyd should eliminate all remaining liabilities of the 1992 and 1993 fee accounts in the amount of \$195,126

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Paul Hunt Thompson, Floyd County Judge/Executive
Honorable Chris Waugh, Floyd County Clerk
Honorable Carla Robinson Boyd, Former Floyd County Clerk
Members of the Floyd County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the former Floyd County Clerk for the period January 1, 1999 through April 15, 1999, and have issued our report thereon dated May 3, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the former Floyd County Clerk's financial statement for the period January 1, 1999 through April 15, 1999, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying comments and recommendations.

- The Former County Clerk Should Not Have Received Salary In Excess Of The Statutory Maximum
- The Former County Clerk Should Have Published A Financial Statement And Presented The Financial Statement To The Fiscal Court
- The Former County Clerk Should Have Expended Funds Only For Allowable Expenditures

Honorable Paul Hunt Thompson, Floyd County Judge/Executive
 Honorable Chris Waugh, Floyd County Clerk
 Honorable Carla Robinson Boyd, Former Floyd County Clerk
 Members of the Floyd County Fiscal Court
 Report On Compliance And On Internal Control
 Over Financial Reporting Based On An Audit Of The Financial
 Statement Performed In Accordance With Government Auditing Standards
 (Continued)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the former Floyd County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying comments and recommendations.

- Former County Clerk Carla Robinson Boyd Should Have Avoided The Deficit of \$6,102 In The 1999 Fee Account
- Former County Clerk Carla Robinson Boyd Should Eliminate All Remaining Liabilities Of The 1992 And 1993 Fee Accounts In The Amount Of \$195,126
- The Former County Clerk's Office Lacked A Proper Segregation Of Accounting Duties

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider the following to be material weaknesses:

- Former County Clerk Carla Robinson Boyd Should Have Avoided The Deficit of \$6,102 In The 1999 Fee Account
- Former County Clerk Carla Robinson Boyd Should Eliminate All Remaining Liabilities Of The 1992 And 1993 Fee Accounts In The Amount Of \$195,126
- The Former County Clerk's Office Lacked A Proper Segregation Of Accounting Duties

Honorable Paul Hunt Thompson, Floyd County Judge/Executive
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Members of the Floyd County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
May 3, 2000

